

**THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In Re:	§	Case No. 22-90331
	§	
Penta State, LLC, <i>et al</i> ¹	§	(Chapter 7)
	§	
Debtor.	§	Judge David R. Jones

**TRUSTEE’S APPLICATION TO EMPLOY
HUGHES, WATTERS & ASKANASE, LLP AS GENERAL COUNSEL**

TO THE HONORABLE DAVID R. JONES, UNITED STATES BANKRUPTCY JUDGE:

The Application of Janet S. Northrup (the “Trustee”) Applicant herein, respectfully represents:

1. On October 11, 2022, Penta State, LLC (the “Debtor”) filed for relief under Chapter 11, Case No. 22-90331-H2-11. On October 11, 2022, the Debtor requested emergency relief for an *Order Directing Joint Administration* of Case No. 22-90332-H2-11, Graham Tomball, LLC, Debtor; Case No. 22-90333-H2-11; Elite Medical Laboratory Solutions, LLC, Debtor; Case No. 22-90334-H2-11, Nationwide Laboratory Partners, LLC and Case No. 22-90335-H2-11, Zayd Assets, LLC, Debtor.

2. On October 11, 2022, the Court entered its *Order Directing Joint Administration* docket no. 101].

3. At a status hearing held on April 4, 2023, the Court on its own motion, converted these Chapter 11 case to Chapter 7 (see Order Converting Case to Chapter 7 at docket no. 159).

¹ The Debtors in these Chapter 7 cases, along with the last four digits of each Debtor’s federal tax identification number are: Penta State, LLC (1135); Nationwide Laboratory Partners, LLC (1752); Elite Medical Laboratory Solutions, LLC (6766); Graham Tomball, LLC (7635) and Zayd Assets, LLC (0402). The location of the Debtors’ service address is 1101 Alma Street, Suite 108, Tomball, Texas 77375-4559.

4. Thereafter, Janet S. Northrup was appointed as the Chapter 7 Trustee to administer the assets of the five bankruptcy Estates noted above.

5. Applicant, as Trustee, wishes to employ the Law Firm of Hughes Watters Askanase, LLP (the “Law Firm”) as attorneys for the Trustee, effective April 19, 2023. Wayne Kitchens and Heather McIntyre shall act as co-lead counsel for the Trustee. Additionally, Rhonda Chandler shall assist in the representation.

6. Applicant has determined to employ counsel, in this case, for among other reasons, to assist in and assist on litigation related to Chapter 7 causes of action, Medicare reimbursement appeal, research of and possible abandonment of assets, sale of physical assets, IP assets, and possibly the sale of the Debtors’ business and other diagnostic laboratories and such other legal issues as may arise for which Applicant desires the Law Firm’s assistance and expertise and tax issues, including association with third-party counsel in the prosecution of lawsuits, mediations, and arbitrations.

7. Applicant has selected the Law Firm for the reason that the Law Firm has had considerable experience in matters of this character and believes that the Law Firm is well qualified to represent Applicant in this case and, as such, retention of the Law Firm is in the best interest of the Estate. The Law Firm has extensive experiences with mortgages, mortgage servicing and foreclosures.

8. Mr. Kitchens has over 39 years of bankruptcy experience and is Board Certified in Business Bankruptcy Law. He has represented Chapter 7 and Chapter 11 trustees, debtors, creditors and committees. He has also served as an examiner and mediator. He estimates that he has negotiated and obtained court approval for more than 75 non-routine sales of Estate property.

9. There are a number of firms in the Houston area in whom the Trustee would have the confidence to represent her in this case. However, based upon experience, expertise and other reasons set forth herein, Applicant considers Hughes Watters Askanase, LLP among the best selection.

10. Applicant now requires the services of bankruptcy counsel to perform the duties of Trustee's counsel. Applicant proposes that the Law Firm of Hughes Watters Askanase, LLP shall perform the following professional services, as applicable and necessary:

- a) to file pleadings with the Court and to represent the Estate's interest in regard to any adversaries, appeals, or contested matters before this Court and litigation, mediation and arbitration in other courts, particularly with regard to the Estate's in various assets and the positions of secured and unsecured creditors, whether by motion, adversary action, turnover proceedings, or litigation activities of every description in other courts, including foreclosures and assertions of wrongful foreclosures.
- b) to analyze, institute and prosecute actions regarding determination, recovery, or abandonment of property of the Estate, or of entities owned in whole or in part by the Estate, including investigation and liquidation of foreign bank accounts, investigation and prosecution of determination and lien perfection, avoidance litigation as well as collection and liquidation of assets of the Estate to the extent such activities would be economically beneficial to the Estate;
- c) to assist the Trustee where necessary to negotiate and consummate non-routine sales of the assets of the Estate, wherever they may be found, including sales free and clear of liens, claims and encumbrances, and to institute any necessary proceedings in regard thereto;
- d) to institute and prosecute non-routine objections to proofs of claim;
- e) to co-ordinate activities with the United States Trustee as appropriate in connection with issues of the integrity of the bankruptcy courts and procedures;
- f) to aid in the representation of Applicant in any litigation against Applicant in Applicant's official capacity;
- g) to render legal advice and assistance with regard to matters involving taxation of the Estate;
- h) to liaise with governmental authorities, physicians, and other diagnostic laboratories; and
- i) to collect any judgments that may be entered in favor of the Estate.

11. The Law Firm has not represented the Debtor prior to or during this bankruptcy case. The Law Firm has represented the Trustee in multiple other cases in which she has been appointed as a trustee. Except as disclosed below, to the best of Applicant's knowledge after diligent inquiry, the Law Firm has no connection with the Debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, except the following:

- a) The Law Firm routinely represents Chapter 7, Chapter 11 and Liquidating Trustees, including but not limited to Allison Byman, Randy Williams, Ron Sommers and Eva Engelhart in their capacity as Chapter 7 Trustees.

Thus, while connections may exist, the Law Firm submits that none of these connections rise to the level of a conflict.

The Law Firm represents no interest adverse to Applicant as Trustee of the Estate and the Law Firm's employment is necessary and is in the best interest of the Estate.

12. The Law Firm is a "disinterested person" within the meaning of 11 U.S.C. §101(14).

13. In the event the Applicant desires for the Law Firm to render any other services to her and the Estate, she will make further application.

14. Applicant certifies that the Law Firm is not being employed to perform duties required to be performed by the Trustee. The Applicant has informed the Law Firm that if Trustee duties are performed, the Law Firm may not be compensated by the bankruptcy estate.

15. The Law Firm is being employed at the regular hourly rates of the attorneys who will represent the Trustee, which is the same hourly rate as the firm charges for such attorneys in other non-bankruptcy matters. Reimbursable expenses will be charged at the amounts incurred

and no higher than the rates allowed by the Bankruptcy Local Rules for the Southern District of Texas. Applicant certifies that no payment will be made to the Law Firm except an order of this Court approving the fees and expenses incurred by the Law Firm.

WHEREFORE, Applicant prays that Applicant be authorized to employ and appoint, effective April 19, 2023, the Law Firm of Hughes Watters Askanase, LLP to represent Applicant generally as Trustee in this case under Chapter 7 of the Bankruptcy Code and that Applicant have such other and further relief as is just.

DATE: May 1, 2023.

Respectfully submitted,

/s/ Janet S. Northrup

Janet S. Northrup, Chapter 7 Trustee
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Application to Employ General Counsel was served on only the United States Trustee, by ECF notification on this the 1st day of May, 2023.

/s/ Janet S. Northrup

Janet S. Northrup